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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

1997 Annual Access Tariff Filings

) Bell Atlantic Transmittal No. 970

) NYNEX Transmittal No. 455

Bell Atlantic Telephone Companies

Tariff F.C.C. Nos. 1, 2, 4, 5 and 8

) CC Docket No. 97-149

BELL ATLANTIC¹ DIRECT CASE REBUTTAL TO OPPOSITIONS

In its direct case Bell Atlantic demonstrated why there is no basis to modify its 1997 access tariffs rates. In particular, Bell Atlantic demonstrated that subscriber line charges were set using reasonable forecasts based on the most recent historical data. Bell Atlantic also demonstrated that the exogenous cost reduction it made to reflect the amortization of equal access costs fully captured all appropriate costs. The Commission did not require that Bell Atlantic augment actual costs with an additional adjustment based on growth in demand. Arguments to the contrary by AT&T and MCI are wrong.

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company; and New England Telephone and Telegraph Company. The first seven listed carriers will be referred to here as Bell Atlantic-South and operate subject to Bell Atlantic interstate tariffs. The other two carriers will be referred to here as Bell Atlantic-North and operate subject to NYNEX interstate tariffs.

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I. The Forecasts Underlying Bell Atlantic's Subscriber Line Charge Calculations Are Reasonable

The forecasts that Bell Atlantic relied upon to set the level of its subscriber line charges ("SLC") for the 1997/98 tariff year are reasonable. Specifically, the SLC is based upon forecasts of line growth (demand) during the course of the year and on forecasts of the level of base factor portion ("BFP") costs. As Bell Atlantic demonstrated in its direct case, both were reasonable.

In fact, both forecasts were calculated using the same methods that have proven to be accurate in the past. For example, Bell Atlantic's demand forecasts for the prior year varied from actual results by less than 1%. Given that remarkable record, even MCI was forced to acknowledge that such forecasts were "relatively accurate."² And Bell Atlantic's forecast of the level of BFP costs -- which is based on historical cost data from the prior year -- also was accurate, with only 2.6% difference between the total projected BFP and the actual for the most recently completed tariff period.

While AT&T and MCI both take issue with Bell Atlantic's calculation of BFP cost, Bell Atlantic's methodology produced results that are demonstrably more accurate than any of the methods proposed by the opposition parties:

a. AT&T proposed a multi-year average of historical costs that it argued should be a gauge on the reasonableness of Bell Atlantic's results.³ But a simple average puts too much weight on earlier years and fails to capture the recent reductions in the growth of BFP costs. When AT&T's analysis is used to predict the BFP costs for the most recently completed tariff

² MCI Opposition at 7. AT&T apparently also had nothing to find fault with, and remained silent on the subject.

³ AT&T Opposition at 14.

year, the variance from actual costs is almost *five times* the size as the variance that resulted from Bell Atlantic's method.⁴

b. MCI proposes three different historical trend methodologies of its own, and at the same time purports to provide a "report card" of Bell Atlantic's forecast methods.⁵ But it is MCI that fails the test. Two of MCI's methods are averages that suffer from the same flaw as AT&T's proposal. MCI's third method is more reasonable, but still overstates recent costs. As a result, when its methods are applied to the most recent tariff year, none of them perform as well as Bell Atlantic's method and the *best* of the MCI predictors has a variance that is *four times* greater than Bell Atlantic's own projections.⁶

In short, Bell Atlantic's methodologies are reasonable and clearly superior to the alternatives proposed by the interexchange carriers.⁷

II. Current Rates Should Not Be Adjusted To Reflect Prior Years' Forecasts

In addition to its claims concerning the forecasts for the current year, AT&T also argues that, to the extent Bell Atlantic's forecasts for prior years varied from actual experience in those years, Bell Atlantic should be required to make a current tariff adjustment "to remove the impact of the LECs' past forecasting errors."⁸ AT&T is wrong for two fundamental reasons.

⁴ See Appendix A at Workpaper AT&T-1.

⁵ MCI Opposition at 4 and at Attachment A.

⁶ Appendix A at MCI-1. MCI's report cards are also internally flawed because they treat a forecast that is below actual results as if it were above actual results. The result of this error is to treat a combination of over and under variances as if a carrier had consistently overestimated BFP costs.

⁷ In the footnotes to its data calculations, AT&T purports to identify certain miscalculations by Bell Atlantic. In fact, errors were made by AT&T and other adjustments only support the accuracy of Bell Atlantic's original filing. See Appendix B.

⁸ AT&T Opposition at 15.

First, contrary to AT&T's claim, past forecasts have *no* impact on current rates. The sole purpose for the BFP forecast at issue here is to divide the costs to be recovered in a given year between carrier and end-user charges.⁹ In contrast, the total amount of cost that can be recovered through rates in that year is determined by the price cap index for the Common Line Basket. Once a new tariff year begins, however, the Common Line Basket price index is adjusted by the price cap formula -- an adjustment that is wholly unrelated to BFP calculations.¹⁰ Thus even if there were errors in prior years, which there were not, they would have no impact on current rates.

Second, AT&T did not file a timely objection to Bell Atlantic's tariffs in prior years. The current investigation only addresses the 1997/98 tariff year. It would be retroactive ratemaking to adjust current rates to reflect changes to the rates that were in effect in prior years.¹¹

⁹ See 47 C.F.R. § 61.46(d); see also form CCL-1 in the Price Cap Tariff Review Plan. Moreover, because Bell Atlantic forecasts are based on prior year results, the forecasts are self-correcting. See Bell Atlantic Direct Case at 3. AT&T (fn 22) tries to twist this fact to claim that Bell Atlantic supports AT&T's argument for adjustments. This is nonsense. As demonstrated above, Bell Atlantic's methodology is superior to AT&T's proposal. Equally misleading is AT&T's characterization (fn 23) that Bell Atlantic "acknowledges" that any retroactive rate adjustments for past years are proper. They are not. The reference cited by AT&T refers to the adjustments *between* carrier charges and end-user charges in this tariff year. Even there, there is no basis for adjustment. If, however, the Commission were nevertheless to require a rate adjustment based on claims that the allocation between end user and carrier charges was flawed, it should require changes to *both* rates so that any decreases on one side of the ledger are balanced by offsetting increases on the other side.

¹⁰ See 47 C.F.R. § 61.45(c). Because changes in carrier common line ("CCL") revenues in prior periods would be offset by changes in end user revenues, the total Common Line basket revenues do not change. In the following year, the BFP forecast determines the new tariff year SLC revenues. The CCL is based on the remainder, with no carry forward effect from prior years.

¹¹ A new requirement is impermissibly retroactive when it would "increase a party's liability for past conduct, or impose new duties with respect to transactions already completed." *Landgraf v. USI Film Prods.*, 511 U.S. 244, 280 (1994).

III. Bell Atlantic Made The Proper Adjustment For Equal Access Costs Amortization

As required by the Access Reform Order, Bell Atlantic removed the full amount of amortized equal access costs. Nevertheless, MCI and AT&T claim that this amount should be inflated to reflect the impact of growth in demand. Their arguments, however, are misplaced.

As an initial matter, it is important to clarify the scope of the issue. Even if an adjustment was required (which it should not be), Bell Atlantic demonstrated in its direct case that the demand adjustment should start from the point when the equal access costs were set to zero.¹² The reason for this is simple. Prior to that time, equal access costs were recovered by a separate rate element and the equal access revenues reflected both price cap index changes and equal access demand changes. As a result, for the period prior to the rates being set to zero, equal access cost recovery were unaffected by the growth in usage and there is absolutely no basis for making an adjustment here to reflect such demand changes. No party offered any argument to even attempt to rebut this correction to AT&T's petition.

In addition, even as to the period after rates were set to zero, the claim that the amount of equal access costs removed from rates should be inflated to reflect growth in demand is directly contrary to the Commission's own precedent. In 1995, under the same circumstances, the Common Carrier Bureau concluded that no demand adjustment could be made when OPEB costs were removed from rates. MCI tries to distinguish this precedent by claiming it was based on the unique language used in the underlying rulemaking order that required OPEB costs to be removed.¹³ In fact, the Bureau was clear that it was language that was *missing* from the

¹² July 1, 1993 for Bell Atlantic-North and July 1, 1992 for Bell Atlantic-South. *See* Bell Atlantic Direct Case at 8-9.

¹³ In particular, MCI focuses on the word "amount." MCI Opposition at 12-13.

underlying order that dictated the result. As the Bureau explained, because “the Commission did not specifically require the LECs to follow the approach advocated by AT&T and MCI, [-- the same demand adjustment they advocate here --] we will not require the LECs” to make the adjustment.¹⁴ Likewise, because there is no specific requirement in the Access Reform Order to adjust the amount of equal access costs to reflect the impact of demand growth, the result must be the same and no adjustment can be required.

Finally, AT&T also continues to press the erroneous claim that any growth adjustment should be based only on the local switching band.¹⁵ But elsewhere in its opposition, AT&T acknowledges that its proposed adjustment properly should be based on “basket revenues.”¹⁶ Moreover, the Bureau’s tentative conclusion cited by AT&T addresses an adjustment based on “average basket price” augmented by demand.¹⁷ By isolating local switching growth, AT&T ignores the slower growing local transport revenues, which were part of the same basket prior to restructure. As a result, if the Commission were to require a demand adjustment (which it should not), any such adjustment should be based on total basket revenues, and not just local switching revenues as AT&T claims.

¹⁴ *1995 Annual Access Tariff Filings of Price Cap Carriers*, 11 FCC Rcd. 5461, 5471 (1995).

¹⁵ AT&T Opposition at 24.

¹⁶ AT&T Opposition at 21-22.

¹⁷ AT&T Opposition at 20 (quoting Designation Order, ¶ 41).

Conclusion

Opposing parties' arguments are without merit. As demonstrated in its direct case, the Commission should conclude their investigation without requiring any adjustments to Bell Atlantic's tariff.

Respectfully submitted,

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September 24, 1997

Appendix A
Comparison of Bell Atlantic BFP Forecasting Methods
to Methods Proposed by AT&T and MCI

APPENDIX A TABLE OF CONTENTS

1. **Comparison of Bell Atlantic's 1996/97 BFP Forecasts
to Forecasts Based on AT&T's Methodology..... Exhibit AT&T-1**
2. **Calculation of Bell Atlantic's 1996/97 BFP Costs
Utilizing AT&T's Methodology..... Exhibit AT&T-2**
3. **Comparison of Bell Atlantic's 1996/97 BFP Forecasts
to Forecasts Based on MCI's Methodology..... Exhibit MCI-1**
4. **Forecasts of Bell Atlantic - North's 1996/97 BFP Costs
Utilizing MCI's Methodologies..... Exhibit MCI-2-N**
5. **Forecasts of Bell Atlantic - South's 1996/97 BFP Costs
Utilizing MCI's Methodologies..... Exhibit MCI-2-S**

Comparison of Bell Atlantic BFP
Forecasting Method to AT&T's Method
Dollars in Thousands

Exhibit AT&T-1

LN	ITEM	SOURCE	BA-North	BA-South	BA-Total
1	1996/1997 BFP Actuals	Note 1	1,191,331	1,293,304	2,484,635
2	1996/1997 BFP Projection, AT&T Method	Exhibit AT&T-2	1,506,391	1,277,874	2,784,266
3	Variance Between AT&T Forecast and Actual BFP	Ln 2 - Ln 1	315,060	(15,430)	299,630
4	Percent Variance	Ln 3 / Ln 1	26.45%	-1.19%	12.06%
5	1996/1997 BFP Projection BA Method	Note 2	1,243,341	1,304,709	2,548,050
6	Variance Between Bell Atlantic Forecast and Actual BFP	Ln 5 - Ln 1	52,010	11,405	63,415
7	Percent Variance	Ln 6 / Ln 1	4.37%	0.88%	2.55%

Note 1: BA-North from Exhibit 17N-1-A of Company's Direct Case filed on 9/2/97.
BA-South from Exhibit 17S-1-A* as filed on 9/24/97.

Note 2: BA-North from Exhibit 16N-1-C of Company's Direct Case filed on 9/2/97.
BA-South from Exhibit 16S-1-C of Company's Direct Case filed on 9/2/97.

Bell Atlantic
1996/97 BFP Projections
Based on AT&T Method
As Provided in AT&T Opposition - Appendix B, Page 4 of 6

Exhibit AT&T-2

	1991	1992	1993	1994	1995	1996/97 Forecast Based on AT&T Method
Bell Atlantic - North	1,123,402	1,100,300 -2.06%	1,150,011 4.52%	1,278,092 11.14%	1,389,911 8.75%	1,506,391 5.59%
Bell Atlantic - South	975,153	1,026,665 5.28%	1,094,999 6.66%	1,168,527 6.71%	1,187,554 1.63%	1,277,874 5.07%

Comparison of Bell Atlantic BFP
Forecasting Method to MCI's Methods
Dollars in Thousands

Exhibit MCI-1

COMPARISON OF METHODS TO PROJECT 1996/1997 BFP REVENUE REQUIREMENT

LN	ITEM	SOURCE	BA-North	BA-South	Total BA
1	1996/1997 BFP Actuals	Note 1	1,191,331	1,293,304	2,484,635
2	1996/1997 BFP Projection, MCI Method 1	Exhibit MCI-2-N and MCI-2-S, Method 1	1,508,003	1,279,010	2,787,013
3	Variance Between MCI Forecast and Actual BFP	Ln 2 - Ln 1	316,672	(14,295)	302,378
4	Percent Variance	Ln 3 / Ln 1	26.58%	-1.11%	12.17%
5	1996/1997 BFP Projection, MCI Method 2	Exhibit MCI-2-N and MCI-2-S, Method 2	1,562,913	1,277,719	2,840,632
6	Variance Between MCI Forecast and Actual BFP	Ln 5 - Ln 1	371,582	(15,585)	355,997
7	Percent Variance	Ln 6 / Ln 1	31.19%	-1.21%	14.33%
8	1996/1997 BFP Projection, MCI Method 3	Exhibit MCI-2-N and MCI-2-S, Method 3	1,457,127	1,288,912	2,746,038
9	Variance Between MCI Forecast and Actual BFP	Ln 8 - Ln 1	265,796	(4,393)	261,403
10	Percent Variance	Ln 9 / Ln 1	22.31%	-0.34%	10.52%
11	1996/1997 BFP Projection, BA Method	Note 2	1,243,341	1,304,709	2,548,050
12	Variance Between Bell Atlantic Forecast and Actual BFP	Ln 11 - Ln 1	52,010	11,405	63,415
13	Percent Variance	Ln 12 / Ln 1	4.37%	0.88%	2.55%

Note 1: BA-North from Exhibit 17N-1-A of Company's Direct Case filed on 9/2/97.
BA-South from Exhibit 17S-1-A* as filed on 9/24/97.

Note 2: BA-North from Exhibit 16N-1-C of Company's Direct Case filed on 9/2/97.
BA-South from Exhibit 16S-1-C of Company's Direct Case filed on 9/2/97.

Bell Atlantic - North

Exhibit MCI-2-N

Forecasts from Trend:

Series 2 (Adjusted) BFP:

Year	BFP	Growth
1991	1,123,402	
1992	1,100,300	-2.06%
1993	1,150,011	4.52%
1994	1,278,092	11.14%
1995	1,389,911	8.75%
1996		
1997		

1) Average Growth:	5.59%
18 months	8.50%

Trend 1996-97 BFP (1995 Actual * 18 month growth rate)	1,508,003
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2) 3 Year Average Growth (93,94,95)	8.13%
18 months	12.45%

Trend 1996-97 BFP (1995 Actual * 18 month growth rate)	1,562,913
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3) Linear Projection

	1996	1,421,586
	1997	1,492,667
1996/1997		1,457,127

Bell Atlantic - South

Exhibit MCI-2-S

Forecasts from Trend:

Series 2 (Adjusted) BFP:

Year	BFP	Growth
1991	975,153	
1992	1,026,665	5.28%
1993	1,094,999	6.66%
1994	1,168,527	6.71%
1995	1,187,554	1.63%
1996		
1997		

1) Average Growth:	5.07%
18 months:	7.70%

Trend 1996-97 BFP (1995 Actual * 18 month growth rate)	1,279,010
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2) 3 Year Average Growth (93,94,95) 18 months	5.00%
	7.59%

Trend 1996-97 BFP (1995 Actual * 18 month growth rate)	1,277,719
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3) Linear Projection

	1996	1,260,578
	1997	1,317,245
1996/1997		1,288,912

Appendix B
Bell Atlantic - South
Rebuttal to AT&T Analysis and Revised Exhibits

APPENDIX B TABLE OF CONTENTS

1. **Summary of: AT&T's Forecasting Methods and Impact
of Revised Bell Atlantic - South Exhibits..... Page 1**
2. **Revised Bell Atlantic - South Exhibits..... "*" Exhibits**

Appendix B
Bell Atlantic - South
Rebuttal to AT&T Analysis and Revised Exhibits

AT&T claims that Bell Atlantic - South has adjusted its 1996 data twice for Account 4310.¹ AT&T is wrong. Bell Atlantic's 1996 ARMIS data as filed does not reflect a rate base deduction for the FCC's Part 65 rule change associated with accrued liabilities recorded in account 4310. As explained in the Company's direct case (see response to paragraph 16-3), this rule change became effective in 1997. As further explained in our paragraph 16-3 response, prior to 1997 Bell Atlantic - North and South treated account 4310 (specifically the OPEB liability) differently for interstate earnings monitoring purposes - North deducted the liability from its rate base; whereas, South did not. Exhibit 22S-2-F of the Company's direct case starts with filed 1996 ARMIS data (North's data reflects a rate base deduction, South's does not). This data is then adjusted (per the FCC's requirement) for deduction of account 4310 from the rate base. This adjusted 1996 data was then used as the base period to project 1997/98 BFP revenue requirement using trend analyses.

Also, AT&T asserts that Bell Atlantic - South's actual BFP revenue requirement is understated due to miscalculation of taxes.² Adjusting for this item, however, only reinforces the conclusions that Bell Atlantic's BFP forecasting methodology was reasonable. The Company has revised all impacted exhibits and has attached paper and electronic copies (revised Exhibits are indicated with an "*"). The revisions do not substantially change Bell Atlantic's direct case. As provided on Exhibit 24S-1-A*, compared to a trend analyses of annual BFP revenue requirements, the Company's 1997/98 BFP projection is only slightly overstated by 3.75% (\$48.1M) or 1.4% (\$18.3M), depending on whether outliers are excluded. As further provided on Exhibit 24S-1-A*, based on AT&T's own projection methodology, BA-South's projection is overstated by a minuscule .1% (\$1.3M).

Moreover, based on the revisions, for the 1991/92 through 1996/97 tariff periods, Bell Atlantic - South's actual revenue requirements never differed from projections by more than 6.5% as displayed on Exhibit 17S-1-A*. Indeed, correcting the Company's tax calculation demonstrates that in 3 out of the last 4 tariff periods, BA-South's projection varied from actuals by no more than 1.0% (see Exhibit 17S-1-A*).

¹ See AT&T opposition, Footnote 1 of Appendix B, Page 4 of 6.

² See AT&T opposition, Footnote 1 of Appendix B, Page 1 of 6.

Bell Atlantic - South
Calendar Year BFP Revenue Requirements

Exhibit 16S-1-A*

			(A)	(B)	(C)	(D)	(E)	(F)	(G)
ARMIS 43-01 Row			91 BFP	92 BFP	93 BFP	94 BFP	95 BFP	96 BFP	97 BFP
SOURCE									
1020	Network Access Services Revenues	Line 1190+1490+1590+1915+1060-1040-1290+1390	858,214	945,952	1,052,299	1,205,432	1,225,733	1,272,697	1,300,851
1040	Miscellaneous Revenues	4th Q ARMIS 43-01	27,277	24,564	30,766	32,876	35,529	36,720	40,660
1060	Uncollectible Revenues	4th Q ARMIS 43-01	5,361	5,236	6,951	14,844	11,794	9,857	6,722
1090	Net Revenues	Line 1020+1040-1060	880,130	965,279	1,076,113	1,223,464	1,249,488	1,299,560	1,334,789
1190	Total Operating Expenses	4th Q ARMIS 43-01	602,747	672,190	750,016	868,598	883,455	926,086	947,108
1290	Other Operating Income/Loss	4th Q ARMIS 43-01	(734)	33	20	513	93	345	(34)
1390	Total Non-Operating Items	4th Q ARMIS 43-01	891	1,257	1,262	1,184	(4,719)	(2,480)	(2,134)
1490	Total Other Taxes	4th Q ARMIS 43-01	46,577	48,180	60,237	66,958	62,688	61,466	65,434
1510	Fixed Charges	4th Q ARMIS 43-01	54,000	53,749	52,457	55,178	56,681	52,695	55,536
1520	IRS Income Adjustments	4th Q ARMIS 43-01	(7,491)	(5,201)	(4,987)	(3,770)	779	2,934	2,010
1530	FCC Taxable Income Adjustments	4th Q ARMIS 43-01	0	0	0	0	0	0	0
1540	ITC Amortization	4th Q ARMIS 43-01	6,237	7,985	7,253	8,257	7,694	7,371	5,958
1550	FCC ITC Adjustment	4th Q ARMIS 43-01	0	0	0	0	0	0	0
1590	Net FIT*	Line ((1915-1510+1520+1530-1540-1550) x .35/.65)-1540-1550	50,778	54,825	65,258	71,644	80,588	85,404	88,830
1690	Total Plant-In-Service	Average of 4 Quarters / 4	2,813,983	3,018,567	3,225,945	3,656,025	3,979,981	4,041,146	4,477,474
1790	Total Other Investment	Average of 4 Quarters / 4	38,743	40,790	47,465	54,414	87,995	94,083	73,674
1890	Total Reserves	Average of 4 Quarters / 4	1,266,918	1,380,599	1,501,318	1,794,058	2,045,318	2,095,861	2,457,655
1910	Average Net Investment	Line 1690 + 1790 - 1890	1,585,808	1,678,758	1,772,092	1,916,382	2,022,658	2,039,368	2,093,493
1915	Net Return	Line 1910 x 11.25%	178,403	188,860	199,360	215,593	227,549	229,429	235,518

* FIT rate applicable to calendar years 1991-92 is 34.0%; FIT rate applicable to calendar years 1993-96 is 35.0%.

ARMIS 43-01 Row

SOURCE

			1991/92 Tariff Year	1992/93 Tariff Year	1993/94 Tariff Year	1994/95 Tariff Year	1995/96 Tariff Year	1996/97 Tariff Year
1020	Network Access Services Revenues	Line 1190+1490+1590+1915+1060-1040-1290+1390	910,304	975,404	1,141,585	1,238,944	1,247,084	1,293,304
1040	Miscellaneous Revenues	Note 1	24,193	19,404	36,480	33,753	33,315	40,487
1060	Uncollectible Revenues	Note 1	4,794	6,136	15,296	7,662	10,838	8,400
1090	Net Revenues	Line 1020+1040-1060	929,703	988,670	1,162,769	1,263,036	1,269,561	1,325,391
1190	Total Operating Expenses	Note 1	642,570	678,751	813,997	896,163	903,932	947,837
1290	Other Operating Income/Loss	Note 1	(377)	29	66	489	139	254
1390	Total Non-Operating Items	Note 1	1,122	1,215	1,134	1,304	(7,003)	(1,969)
1490	Total Other Taxes	Note 1	47,607	52,355	66,059	66,017	60,281	62,612
1510	Fixed Charges	Note 1	55,247	52,248	52,753	57,792	55,218	53,215
1520	IRS Income Adjustments	Note 1	(8,840)	(5,100)	(4,304)	(1,926)	2,302	2,424
1530	FCC Taxable Income Adjustments	Note 1	0	0	0	0	0	0
1540	ITC Amortization	Note 1	4,631	5,764	5,057	5,846	7,300	7,413
1550	FCC ITC Adjustment	Note 1	0	0	0	0	0	0
1590	Net FIT*	Line ((1915-1510+1520+1530-1540-1550) x .35/.65)-1540-1550	54,509	61,906	73,549	77,567	83,551	85,816
1690	Total Plant-In-Service	Average Calculated as 4 Tariff Period Quarters / 4	2,915,929	3,116,054	3,434,636	3,843,540	4,013,737	4,258,777
1790	Total Other Investment	Average Calculated as 4 Tariff Period Quarters / 4	38,784	46,168	48,588	62,426	96,241	78,805
1890	Total Reserves	Average Calculated as 4 Tariff Period Quarters / 4	1,323,437	1,435,583	1,633,482	1,946,199	2,076,964	2,281,163
1910	Average Net Investment	Line 1690 + 1790 - 1890	1,631,276	1,728,639	1,849,744	1,959,768	2,035,013	2,056,419
1915	Net Return	Line 1910 x 11.25%	183,519	194,472	208,096	220,474	228,939	231,347

Note 1 - First half of tariff period reflects the difference between 4th and 2nd quarter ARMIS 43-01 data; Second half of tariff period reflects 2nd quarter ARMIS 43-01 data.

* FIT rate applicable to tariff periods 1991/92 and 1992/93 tariff years is 34.0%.
FIT rate applicable to tariff periods 1993/94-1996/97 is 35.0%.

Bell Atlantic - South
BFP Revenue Requirement
Comparison of Projections
and Actuals

Exhibit 17S-1-A*

	Source	91/92	92/93	% Growth Note 1	93/94	% Growth Note 1	94/95	% Growth Note 1	95/96	% Growth Note 1	96/97	% Growth Note 1
1 Actual BFP Revenue Requirement	Exhibit 16S-1-B*	910,304	975,404	7.15%	1,141,585	17.04%	1,236,944	8.35%	1,247,084	0.82%	1,293,304	3.71%
2 Projected BFP Revenue Requirement	Exhibit 16S-1-C	851,092	915,634	0.59%	1,130,894	15.94%	1,159,884	1.60%	1,259,843	1.85%	1,304,709	4.62%
3 Difference	Ln 1 - Ln 2	59,212	59,770	6.57%	10,691	1.10%	77,060	6.75%	-12,759	-1.03%	-11,405	-0.91%
4 % Difference	Ln 3 / Ln 1	6.50%	6.13%	91.81%	0.94%	6.43%	6.23%	80.81%	-1.02%	-125.84%	-0.88%	-24.68%

Note 1 - Actual growth calculated as [(Actual Rev. Req. (t) - Actual Rev. Req. (t-1)) / Actual Rev. Req. (t-1)].

Projected growth calculated as [(Projected Rev. Req. (t) - Actual Rev. Req. (t-1)) / Actual Rev. Req. (t-1)].

Bell Atlantic - South
Variance Between
Projected and Actual
Tariff Period Revenue Requirements
(Dollars in Thousands)

Exhibit 17S-1-B

Exhibit 17S-1-B*

ARMIS 43-01 ROW	DESCRIPTION	SOURCE	1991/92 Tariff Year	1992/93 Tariff Year	1993/94 Tariff Year	1994/95 Tariff Year	1995/96 Tariff Year	1996/97 Tariff Year
1020	Network Access Services Revenues	Exhibit 16-1-B Minus Exhibit 16-1-C	59,212	59,770	10,691	77,060	(12,759)	(11,405)
1040	Miscellaneous Revenues	Exhibit 16-1-B Minus Exhibit 16-1-C	3,687	(12,959)	(624)	5,465	746	4,958
1060	Uncollectible Revenues	Exhibit 16-1-B Minus Exhibit 16-1-C	(1,802)	(2,702)	552	(9,238)	(4,008)	(3,393)
1090	Net Revenues	Line 1020+1040-1060	64,702	49,513	9,515	91,764	(8,007)	(3,054)
1190	Total Operating Expenses	Exhibit 16-1-B Minus Exhibit 16-1-C	44,144	24,325	2,419	76,591	3,294	38,990
1290	Other Operating Income/Loss	Exhibit 16-1-B Minus Exhibit 16-1-C	(377)	796	29	489	(374)	161
1390	Total Non-Operating Items	Exhibit 16-1-B Minus Exhibit 16-1-C	1,122	282	(318)	(40)	(8,187)	2,750
1490	Total Other Taxes	Exhibit 16-1-B Minus Exhibit 16-1-C	4,990	9,476	15,686	12,213	26,831	(97)
1510	Fixed Charges	Exhibit 16-1-B Minus Exhibit 16-1-C	922	(675)	774	5,596	40	(3,466)
1520	IRS Income Adjustments	Exhibit 16-1-B Minus Exhibit 16-1-C	1,896	2,642	2,074	3,766	6,072	1,645
1530	FCC Taxable Income Adjustments	Exhibit 16-1-B Minus Exhibit 16-1-C	(214)	0	0	0	0	0
1540	ITC Amortization	Exhibit 16-1-B Minus Exhibit 16-1-C	(1,396)	(708)	(4,211)	(1,778)	(957)	(281)
1550	FCC ITC Adjustment	Exhibit 16-1-B Minus Exhibit 16-1-C	0	0	0	0	0	0
1590	Net FIT	Exhibit 16-1-B Minus Exhibit 16-1-C	2,372	4,121	5,111	2,712	(6,510)	(12,774)
1690	Total Plant-In-Service	Exhibit 16-1-B Minus Exhibit 16-1-C	(12,817)	55,641	(61,904)	389,101	(118,690)	19,225
1790	Total Other Investment	Exhibit 16-1-B Minus Exhibit 16-1-C	7,623	1,097	(240)	12,412	35,641	(44,318)
1890	Total Reserves	Exhibit 16-1-B Minus Exhibit 16-1-C	(2,847)	33,635	30,038	385,634	102,344	238,359
1910	Average Net Investment	Exhibit 16-1-B Minus Exhibit 16-1-C	(2,347)	23,103	(92,182)	15,880	(185,394)	(263,452)
1915	Net Return	Line 1910 x 11.25%	(264)	2,599	(10,370)	1,787	(20,657)	(29,638)

**Bell Atlantic - Combined Company
BFP Revenue Requirement
Comparison of Projections
and Actuals
(\$000s)**

Exhibit 17-1-C*

	Source	96/97
1 BA - South Actual BFP Revenue Requirement	Exhibit 16S-1-B	1,293,304
2 BA - North Actual BFP Revenue Requirement	Exhibit 16N-1-B	1,191,331
3 Combined Actual BFP Revenue Requirement	Ln 1 + Ln 2	2,484,635
4 BA - South Projected BFP Revenue Requirement	Exhibit 16S-1-C	1,304,709
5 BA - North Projected BFP Revenue Requirement	Exhibit 16N-1-C	1,243,341
6 Combined Projected BFP Revenue Requirement	Ln 4 + Ln 5	2,548,050
7 Difference	Ln 3 - Ln 6	-63,415
8 % Difference	Ln 7 / Ln 3	-2.55%

ACTUAL CALENDAR YEAR BFP REVENUE REQUIREMENTS
WITH ADJUSTMENTS FOR COMMISSION RULE CHANGES

Column A Source		A	B	C	D	E	F=Sum A Thru E
		91 BFP	1992 SPF & DEM*	1993 SPF & DEM**	1991 OB&C	1991 GSF	TOTAL
1020 Network Access Services Revenues	Line 1190+1490+1590+1915+1060-1040-1290+1390	858,214	(3,747)	(3,888)	(2,887)	127,790	978,025
1040 Miscellaneous Revenues	Exhibit 16-1-A	27,277					27,277
1060 Uncollectible Revenues	Exhibit 16-1-A	5,361	(55)	(46)			5,260
1090 Net Revenues	Exhibit 16-1-A	880,130	(3,892)	(7,684)	(2,887)	127,790	1,000,043
1190 Total Operating Expenses	Exhibit 16-1-A	602,747	(2,585)	(2,582)	(2,852)	92,004	686,732
1290 Other Operating Income/Loss	Exhibit 16-1-A	(734)					(734)
1390 Total Non-Operating Items	Exhibit 16-1-A	891					891
1490 Total Other Taxes	Exhibit 16-1-A	46,577	(19)	(86)			46,472
1510 Fixed Charges	Exhibit 16-1-A	54,000					54,000
1520 IRS Income Adjustments	Exhibit 16-1-A	(7,491)			(7)	7,146	(352)
1530 FCC Taxable Income Adjustments	Exhibit 16-1-A	0					0
1540 ITC Amortization	Exhibit 16-1-A	6,237			(1)	675	6,912
1550 FCC ITC Adjustment	Exhibit 16-1-A	0					0
1590 Net FIT	Exhibit 16-1-A	50,778	(370)	(399)	(14)	14,351	66,890
1690 Total Plant-In-Service	Exhibit 16-1-A	2,813,983	(15,301)	(12,898)			2,785,784
1790 Total Other Investment	Exhibit 16-1-A	38,743	(90)	(364)			38,289
1890 Total Reserves	Exhibit 16-1-A	1,266,918	(9,006)	(6,376)	0		1,251,536
1910 Average Net Investment	Exhibit 16-1-A	1,585,808	(6,385)	(6,886)	(193)	190,534	1,762,879
1915 Net Return	Exhibit 16-1-A	178,403	(718)	(775)	(22)	21,435	198,324

*SOURCE: BFP portion of amounts reported in Trans #505.

** SOURCE: BFP portion of amounts reported in BA Trans #565.

		ACTUAL CALENDAR YEAR BFP REVENUE REQUIREMENTS WITH ADJUSTMENTS FOR COMMISSION RULE CHANGES				E=Sum A Thru D
		A	B	C	D	
		1992 BFP	1993 SPF & DEM*	1992 GSF**	1992 OB&C	
Column A Source						TOTAL
1020 Network Access Services Revenues	Line 1190+1490+1590+1915+1060-1040-1290+1390	945,952	(3,888)	129,605	(44,359)	1,030,125
1040 Miscellaneous Revenues	Exhibit 16-1-A	24,584		3,939		28,503
1060 Uncollectible Revenues	Exhibit 16-1-A	5,236	(46)	1,350		6,540
1090 Net Revenues	Exhibit 16-1-A	965,279	(7,684)	132,194	(44,359)	1,052,088
1190 Total Operating Expenses	Exhibit 16-1-A	672,190	(2,582)	96,815	(43,905)	722,517
1290 Other Operating Income/Loss	Exhibit 16-1-A	33		4		37
1390 Total Non-Operating Items	Exhibit 16-1-A	1,257		137		1,394
1490 Total Other Taxes	Exhibit 16-1-A	48,180	(86)	4,958		53,052
1510 Fixed Charges	Exhibit 16-1-A	53,749		5,508		59,255
1520 IRS Income Adjustments	Exhibit 16-1-A	(5,201)		(606)	(109)	(5,916)
1530 FCC Taxable Income Adjustments	Exhibit 16-1-A	0		0		0
1540 ITC Amortization	Exhibit 16-1-A	7,985		905	(24)	8,866
1550 FCC ITC Adjustment	Exhibit 16-1-A	0		0		0
1590 Net FIT	Line ((1915-1510+1520+1530-1540-1550) x .34/.66)-1540-1550	54,825	(399)	7,557	(167)	64,631
1690 Total Plant-In-Service	Exhibit 16-1-A	3,018,567	(12,898)	352,709		3,358,379
1790 Total Other Investment	Exhibit 16-1-A	40,790	(384)	5,224		45,650
1890 Total Reserves	Exhibit 16-1-A	1,380,599	(6,376)	155,874		1,530,097
1910 Average Net Investment	Exhibit 16-1-A	1,878,758	(6,886)	202,059	(2,542)	1,871,390
1915 Net Return	Line 1910 x 11.25%	188,860	(775)	22,732	(286)	210,531

* SOURCE: BFP portion of amounts reported in BA Trans #565.

**BFP portion of GSF amounts reported in BA Trans #577 (which was based on 1992 ARMIS data).

ACTUAL CALENDAR YEAR BFP REVENUE REQUIREMENTS
WITH ADJUSTMENTS FOR COMMISSION RULE CHANGES

Column A Source		A 1993 BFP	B 1993 GSF*	C 1993 OB&C	D=Sum A Thru C TOTAL
1020 Network Access Services Revenues	Line 1190+1490+1590+1915+1060-1040-1290+1390	1,052,299	65,342	(32,418)	1,101,303
1040 Miscellaneous Revenues	Exhibit 16-1-A	30,768			30,768
1060 Uncollectible Revenues	Exhibit 16-1-A	6,951			6,951
1090 Net Revenues	Exhibit 16-1-A	1,076,113	65,342	(32,418)	1,125,118
1190 Total Operating Expenses	Exhibit 16-1-A	750,016	48,318	(31,320)	767,014
1290 Other Operating Income/Loss	Exhibit 16-1-A	20			20
1390 Total Non-Operating Items	Exhibit 16-1-A	1,262			1,262
1490 Total Other Taxes	Exhibit 16-1-A	60,237			60,237
1510 Fixed Charges	Exhibit 16-1-A	52,457			52,457
1520 IRS Income Adjustments	Exhibit 16-1-A	(4,987)	2,765	(193)	(2,415)
1530 FCC Taxable Income Adjustments	Exhibit 16-1-A	0			0
1540 ITC Amortization	Exhibit 16-1-A	7,253	354	(28)	7,579
1550 FCC ITC Adjustment	Exhibit 16-1-A	0			0
1590 Net FIT	Line ((1915-1510+1520+1530-1540-1550) x .34/.66)-1540-1550	65,258	6,572	(424)	77,035
1690 Total Plant-In-Service	Exhibit 16-1-A	3,225,945			3,225,945
1790 Total Other Investment	Exhibit 16-1-A	47,465			47,465
1890 Total Reserves	Exhibit 16-1-A	1,501,318			1,501,318
1910 Average Net Investment	Exhibit 16-1-A	1,772,092	185,811	(5,988)	1,951,915
1915 Net Return	Line 1910 x 11.25%	199,360	10,452	(674)	219,580

*See Exhibit 22S-1-G.